

The complaint

Mr M complains that Barclays Bank UK PLC blocked his bank account and wrongly placed a fraud marker against his name causing serious repercussions for him.

What happened

Mr M had several accounts with Barclays.

In July 2021, Mr M started to talk to someone on a dating website. I will refer to this individual as B in this decision.

Mr M has explained that he believed he was talking to a real, genuine person, who wanted to pursue a relationship with him. Sadly, Mr M was in fact talking to a scammer.

Mr M has explained that after contacting B on the website he began exchanging daily messages via a social messaging site with them. Mr M never met B in person. In early July 2021 B told Mr M that she'd been the victim of a robbery whilst overseas and had her handbag stolen containing all her bank cards. B told Mr M that she needed financial help to support her and her young child. B persuaded Mr M to obtain an overseas payment travel card which he loaded with £50 and sent to her.

Following this B told Mr M that she wasn't able to receive payments for work she was doing because of the theft and asked Mr M to receive payments into his Barclays account and then transfer them onto the payment travel card. So that she could support herself and child. Over the following weeks several payments were made into Mr M's account for various amounts, which Mr M duly sent onto the travel card. Each payment was simply referenced with someone's name. These payments were from individuals who had fallen victim to a scam which had been orchestrated by B who believed they were paying for a holiday at a caravan park in the UK.

Barclays were contacted by other banks to say that a number of the payments made into Mr M's account were fraudulent. And that their customers, had been the victim of a scam. Following these notifications Barclays blocked Mr M's account whilst it looked into the concerns raised by the other banks and how Mr M was operating his account.

Mr M contacted Barclays and explained why he'd been receiving the payments into his account. he said he had no idea anything was wrong with the money coming into his account. To support his explanation Mr M gave Barclays copies of all the conversations he'd had with B via the social messaging site to show that he'd been the victim of a romance scam. Barclays reviewed the information and decided to close Mr M's account immediately. It also decided to record a fraud maker against Mr M's name with CIFAS, the UK's Credit Industry Fraud Avoidance system.

Mr M complained to Barclays. He said that Barclays shouldn't have placed a fraud marker against him and that he'd explained to the bank at the time that he'd been the victim of a

cruel scam. In response, Barclays said it hadn't done anything wrong when it placed the marker against Mr M. And had closed his account in line with the terms and conditions.

Unhappy with this response Mr M brought his complaint to our service where one of our investigator's looked into what had happened. Before reaching her view, she asked Mr M for more information about the circumstances that led to the marker being applied. Mr M provided evidence of a tracking receipt showing he'd sent the payment travel card to B overseas. In addition, Mr M gave the investigator evidence that showed B had used his name and placed an advert on a popular social media site for a holiday rental at a caravan site, which resulted in the fraudulent payments crediting his account. Mr M also provided messages he exchanged with one of the holiday victims which demonstrated he had been unaware of B's activities.

The investigator sent the information to Barclays. Following this Barclays agreed to remove the CIFAS marker it had recorded against Mr M.

The investigator reviewed all the information and concluded that Barclays should have done more investigation before it placed the marker against Mr M's name. She recommended Barclays pay Mr M £400 compensation for the trouble and upset the marker had caused him.

Barclays agreed. Mr M didn't. He said the amount of compensation offered doesn't adequately reflect the amount of stress, upset and inconvenience he had suffered as a result of Barclays placing a fraud marker against his name. He explained that he hadn't been able to open another bank account easily and had eventually managed to open an account that didn't offer as much as the one he had with Barclays. He also said he hadn't been able to receive his wages and had to be paid in cash by his employer because of the lack of a bank account.

Mr M also said that he had trouble obtaining credit and had to cancel a life insurance policy he'd had for a number of years and his car insurance as he wasn't able to set up a direct debit. And payments weren't able to be taken due his account being closed. Mr M said he hadn't been able to obtain a cheaper credit card or move out of home all because of the marker being applied. And that he even had to resort to having his boss pay his mobile phone bill each month because he couldn't set up a direct debit on the account, he was eventually able to open – which was a basic bank account. Mr M says all this was very embarrassing for him.

Mr M said that his mental health had been badly impacted. He suffered anxiety, depression and became very withdrawn. Mr M feels this was as a direct result of the marker being applied and the appalling way in which he says the bank treated him.

As no agreement could be reached the matter has come to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

block and closure of Mr M's account

Barclays restricted Mr M's account whilst it looked into the concerns expressed to it by the other banks about the payments he'd received into his account in July 2021. Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for Barclays to have blocked Mr M's account. Fraud is a serious matter, and one way banks can help to tackle fraudulent payments is by restricting accounts when allegedly fraudulent payments

are received into them. That's in line with what most banks would do in the same situation. And it enabled Barclays to consider how best to react to the report it had received from the other banks.

The terms and conditions of Mr M's account also permit Barclays to block an account and ask Mr M to provide information about payments made into it. So, whilst I accept this caused Mr M inconvenience, I can't say Barclays treated him unfairly when it blocked his account

As the investigator has already explained, it's generally for financial institutions to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Each financial institution has its own criteria and risk assessment for deciding whether to open or close accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed. As long as they reach their decisions about that in a legitimate manner. It seems Mr M understands and accepts this point.

I've considered whether Barclays acted fairly in closing Mr M's account. I've looked at the terms and conditions of his accounts and I'm satisfied they did. The terms and conditions outline that the bank can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case Barclays closed Mr M's account without notice. For Barclays to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence, I'm satisfied that the bank has applied the terms fairly. And it was entitled to close the account as it's already done.

Cifas marker

The CIFAS database used by the financial services industry is an important safeguard against fraud. Where a company suspects fraud it's not unreasonable for it to share that information with other firms to prevent further fraud.

The marker that Barclays recorded against Mr M is intended to record that there's been a 'misuse of facility' – in this case using an account to receive fraudulent funds. But there are significant consequences for individuals if markers are wrongly recorded against them. So CIFAS requires that its members only make a record where there is clear relevant and rigorous evidence of fraud that could be reported to the police or other authorities (whether or not a report has actually been made). CIFAS principles also say that the business must have carried out checks of a sufficient depth meet the burden of proof set by CIFAS.

What this means in practice is that a bank must first be able to show that fraudulent funds have entered Mr M's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that the consumer was *deliberately* dishonest in receiving the fraudulent payment and knew it was, or might be, an illegitimate payment. But a marker shouldn't be registered against someone who was unwitting; there should be enough evidence to show *deliberate* complicity.

Barclays says it loaded the marker because it had received several scam reports relating to funds Mr M had received, which he'd then spent. I've not seen any evidence that Barclays made any further enquiries with Mr M about B and the possibility that he'd been an unwitting beneficiary of fraudulent payments. I think this would have been a reasonable course of action for them to take. Especially given Mr M consistently told Barclays that he'd been the victim of a romance scam. And he had other evidence which he could have provided – which he ended up sending to our investigator.

I think it's likely if it had done so it would've been able to verify Mr M's story and the evidence, he would have been able to provide, would've established he hadn't been deliberately complicit in fraud. All in all, I'm not satisfied that Barclays carried out sufficient checks to satisfy the burden of proof required to apply the marker. So, whilst I can understand the bank's concerns, I'm not satisfied that Mr M was deliberately dishonest in receiving fraudulent funds. And I don't believe placing a marker against Mr M was proportionate based on what happened.

After our investigator contacted Barclays and told it about the enquiries, she'd made with Mr M I'm pleased to see Barclays agreed to remove the marker. It did this in November 2021. So, the marker was in place for around four months.

Mr M has written comprehensively about the impact of the CIFAS marker being recorded against his name had on him. And I've no doubt this was a worrying and upsetting time for him. Mr M says he should receive compensation in the thousands. And £400 isn't enough.

I know Mr M feels strongly about his complaint. But there isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact Barclays' actions had on Mr M and decide within guidelines set by our service, whether compensation would be appropriate in the circumstances.

Mr M has told us that because of the marker he wasn't able to open bank accounts and that he had several applications for credit refused. He's also told us about how his health was impacted. I appreciate that Mr M strongly feels that he wasn't able to obtain credit, including a credit card that had a more favourable interest rate, and new mobile phone contract due to the marker being in place. But he's not been able to provide any evidence of this. So, I've not considered this further.

From what Mr M's said to us I don't doubt that the marker recorded by Barclays has impacted on him. It's caused him a good deal of trouble, worry, and upset. And the bank should pay compensation to him for not meeting the industry standards when applying the CIFAS marker. In the circumstances, I'm satisfied that £400 is fair and reasonable compensation to pay in reflection of the distress and inconvenience caused to Mr M. So, whilst I appreciate Mr M will be disappointed, I won't be asking the bank to do anything more.

My final decision

For the reasons I've explained, my final decision is that Barclays UK Bank PLC should pay Mr M £400 compensation for the trouble and upset caused by wrongly applying a CIFAS marker against his name.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 March 2023.

Sharon Kerrison
Ombudsman